

### Summary

The Safety and Security industry in El Salvador represents a growing market for US exporters, as security concerns have become an important factor for private companies, public institutions, and the Salvadorans in general. There is no significant local production in El Salvador, making the industry more attractive for US products.

US companies need to identify a local agent, representative, or distributor. Selling to government agencies implies participation in public bidding processes.

Sub sectors covered in this report are: intrusion alarm systems, access control systems, CCTV systems, and fire detection systems, among other security related products.

### Market Profile

Safety and Security is a primary concern in El Salvador due to the general perceived increase of crime and organized gangs. According to the Attorney General's Office more than 3,000 crimes, and more than 16,000 robberies were reported throughout 2005; 76% of the crimes were committed with fire arms; and 90% of the victims were men between 18 and 30 years old.



The demand for security equipment and services is expected to continue to grow in the coming years, both in the public and private sector. According to local distributors the sector grew 15% in 2005, and is expected to grow at the same levels during 2006. Citizens recognized the lack of resources of the Civil National Police (PNC) to protect property, and have increase the use of alarms and other security devices in personal homes, properties, companies facilities, etc. According to the National Association of Private Enterprises (ANEP), private companies invest approximately 10% of their annual profits in security services or products.

As of May 2006, there are 187 security companies (mostly Salvadorans) with over 21,000 employees in El Salvador, providing safety and security services such as bodyguards, alarm monitoring, access control, electronic surveillance, banking security, polygraph, etc.

In 2005 the US Government established an International Law Enforcement Academy (ILEA) in El Salvador, as a continue effort to reduce organized and common crime. El Salvador was

selected in recognition of the country's political stability and the professionalism of its police. ILEA will provide training to police officers from all the Western Hemisphere.

## Market Data

All security equipment is imported into the country. There is no local production, except for low technology products such as mounting assemblies for CCTV's, and services such as the installation and maintenance of alarm systems.

Statistics for safety and security industry are difficult to obtain since most products are classified under general harmonized codes. The statistics considered in this report are of products covered by the following Harmonized Tariff System codes:

| HTS CODE | Description   |
|----------|---|
| 8424.10  | Fire extinguishers, whether or not charged                      |
| 8471.50  | Digital Processing Units (access control)                       |
| 8471.60  | Input or output unit (access control)                           |
| 8471.80  | Other units/devices of data processing (access control)         |
| 8521.10  | Reproducing Apparatus (DVR's) magnetic tape type (CCTV Systems) |
| 8521.90  | Other reproducing apparatus (DVR's category 2) (CCTV Systems)   |
| 8525.10  | Transmission Apparatus/devices                                  |
| 8525.20  | Transmission apparatus incorporating reception apparatus        |
| 8525.30  | CCTV Cameras  |
| 8528.21  | Color video monitors  |
| 8528.22  | Black and white and other monochrome monitors                   |
| 8530.80  | Electrical signaling, safety or control equipment               |
| 8531.10  | Burglar or fire alarms and similar apparatus, smoke detectors   |
| 8531.20  | Indicators panels incorporating LCD's or LED's                  |
| 8531.80  | Horns, sirens, alert devices                                    |

|         |  |
|---------|--|
| 8531.90 | Other: conventional control panels, detectors.                     |
| 8536.50 | Magnetic contacts, switches  |
| 8541.40 | Photosensitive semiconductor devices (PIR Detectors)               |
| 8542.12 | Cards incorporating electronic integrated circuits ("smart cards") |
| 8543.81 | Proximity cards and tags   |
| 8543.89 | Other: readers, instruments, apparatus, data recorders, etc.       |
| 9022.19 | Apparatus based on the use of X-rays, for other uses               |

#### Statistical Data

|                         | 2003  | 2004  | 2005 (E*) |
|-------------------------|-------|-------|-----------|
| <b>Total Market</b>     | 82.9  | 161.5 | 319       |
| <b>Imports</b>          | 83.7  | 164.2 | 326.8     |
| <b>Local Production</b> | N/A   | N/A   | N/A       |
| <b>Exports</b>          | 0.8   | 2.7   | 7.8       |
| <b>US Imports</b>       | 71.15 | 115.0 | 219.6     |

Notes:

- Figures in US Million dollars.
- Statistics for local production are not available. Total market size equals Total Imports minus Total Exports.
- Source: SIECA, Central America Economic Integration Secretariat
- (E\*): estimated

## Best Prospects

The following products offer the best sales potential in the country:

- Burglar and motion alarms
- Sensors
- Intrusion detection systems
- Access control equipment (including card technology)
- Electronic surveillance (CCTV, GPS systems)
- Remote monitoring
- Perimeter security
- Fire and smoke detection/alarms.



## Competitors, Market Entry, and End Users

US products are well known and preferred in the Salvadoran market, due to their quality and price. In 2004, US imports increased by 61% compared to 2003 figures. American products have 70% of the total import market in the country, followed by China, Taiwan, Mexico, and Germany.

To enter the market, it is recommendable to identify an agent or distributor. In El Salvador agent and distributor relationships are regulated under the Salvadoran Commercial Code. Sales techniques include advertisement in newspapers, brochure distribution, telephone yellow pages, and direct customer sales. US companies are encouraged to support local representative in training for local personnel in installation, maintenance, and after sales service.

The main end users for security and safety equipment are industrial and companies facilities, banks and financial institutions, and government facilities, including ports and the international airport.

US businesses interested in conducting business with Government agencies should also have a local partner. All Government purchases are channeled through [www.comprasal.gob.sv](http://www.comprasal.gob.sv), Government of El Salvador online portal for large international or small bidding processes. All government purchases are regulated by the Acquisition and Purchasing Law (Ley de Adquisiciones y Contrataciones –LACAP).

Local importers/distributors usually identify additional suppliers through Internet, industry magazines or by visiting trade shows in the US, such as the ISC Expo in Las Vegas, and ASE - America's Security Show in Miami.

## Market Access

There are no import restrictions for electronic security equipment, CCTV, alarms, metal detectors, x-ray machines, and similar equipment and devices.

The Private Security Companies Law requires that all private security companies and individuals providing alarm monitoring, security, private investigations, custody, transportation of valuables, and guard services have a prior authorization of the Ministry of National Security through the Civil National Police (PNC). The Private Security Service Office at the PNC helps companies and individuals complete the requirements needed to obtain the authorization to operate.

The Arms, Ammunition and Explosive Law requires prior authorization of the Ministry of Defense for the importation of firearms, personal protection pepper sprays, tear (CS) and chloroacetophenone (CN) gases, explosives, electrical shock protection devices and similar articles.

The Banking Law or Private Security Law does not regulate standards for banking security. The only requirements in the Salvadoran law are regarding minimum security measures at banking facilities, i.e. vaults and safes, fire extinguishers, emergency exits, access locks, alarm systems, etc; which are specified at the Financial System Superintendence Regulation (Annex 5).

Import taxes for security equipment and devices vary from 0-15 percent import duties. All products pay an additional 13% value added tax. The Free Trade Agreement between the United States, Central America, and the Dominican Republic (CAFTA-DR), implemented in El Salvador on March 1, 2006, eliminated import tariffs for some goods, while others will be eliminated in 5 or 10 years (i.e. armored or reinforced safes, boxes, and doors).

US companies can determine what is the import tariff of their product, under CAFTA, in Annex III, Schedule of El Salvador to the Annex 3.3, in the CAFTA Text available at: [www.ustr.gov](http://www.ustr.gov) or [www.export.gov/cafta](http://www.export.gov/cafta) (Tariff Elimination)

## Trade Events

There are no local events on the security and safety industry.

## Resources and useful websites

Salvadoran Government Purchasing Official website: [www.comprasal.gob.sv](http://www.comprasal.gob.sv)

Ministry of Defense of El Salvador: [www.fuerzaarmada.gob.sv](http://www.fuerzaarmada.gob.sv)

National Civil Police: [www.pnc.gob.sv](http://www.pnc.gob.sv)

Central America Economic Integration Secretariat: [www.sieca.org.gt/SIECA.htm](http://www.sieca.org.gt/SIECA.htm)

## For More Information

The U.S. Commercial Service in San Salvador, El Salvador can be contacted via e-mail at: [san.Salvador.office.box@mail.doc.gov](mailto:san.Salvador.office.box@mail.doc.gov); Phone: (503) 2501-2060; Fax: (503) 2501-2073 or visit our website: [www.buyusa.gov/elsalvador](http://www.buyusa.gov/elsalvador)

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